

The Stables Property Fund

ARSN 167 742 672

Responsible Entity

Placer Property Limited

Financial Report

For the year ended 30 June 2017

Financial Report

For the year ended 30 June 2017

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

The directors of Placer Property Limited, the responsible entity of The Stables Property Fund ("the Trust"), present the financial report on the Trust for the year ended 30 June 2017.

Responsible Entity

Placer Property Limited ACN 164 635 885 ("the Responsible Entity") is an unlisted public company incorporated under the *Corporations Act 2001* and holds an Australian Financial Services Licence.

Managed investment scheme

The Trust, previously known as Syndicate 1, was constituted on 3 July 2013 and registered with the Australian Securities and Investments Commission on 11 February 2014, and is a registered managed investment scheme domiciled in Australia (ARSN 167 742 672).

Directors

The names of the directors of the Responsible Entity since incorporation are listed below, including their appointment and resignation dates.

• Thomas Jepson Davis	Chairman	Appointed 4 August 2017
• Michael Arthur Herskope	Chairman	Resigned 4 August 2017
• Mark Dominic Allan	Non Executive Director	Resigned 4 August 2017
• Mario Ross Papaleo	Joint Managing Director	Appointed 3 July 2013
• David Andrew Omond	Joint Managing Director	Appointed 3 July 2013
• Gregory John Marks	Non Executive Director	Resigned 4 August 2017

Principal activities

The principal activity of the Trust is to provide Unitholders with sustainable and considerably tax deferred income with the potential for capital growth through an investment in a neighbourhood shopping centre located at Golden Grove, Adelaide, South Australia.

Significant changes in the state of affairs

The Trust was established to acquire land at Golden Grove in South Australia and construct a neighbourhood shopping centre on the site. The shopping centre partially opened for trading in April 2015 when the Woolworths tenancy and a number of the specialty tenancies opened to the public. During the financial year ended 2017 the following activities occurred:

- The Trust completed leasing on the following vacant units T6 and T13. Unit T8 vacated during the period.
- The Trust issued 16,520,562, \$1.00 ordinary units and completed the equity raising under the Product Disclosure Statement on 9 May 2016. The proceeds of the offer were used to repay the current equity holders (acquisition unitholders), reduce debt and fund the costs associated with the capital raising.

Review of operations and results

The Trust recorded a total comprehensive income for the period of \$2,261,231. The positive result was primarily due to rent received from tenants and a net property revaluation increment, partly offset by property operating costs, interest expense and Responsible Entity fees.

The total comprehensive income for the year includes a number of items which are non-cash in nature, occur infrequently and or relate to realised and unrealised changes in asset values and liabilities and in the opinion of the directors need to be adjusted for in order to allow for Unitholders to gain a better understanding of the Trust's underlying profit from operations. Profit from operations is a key measure in determining distributions for the Trust.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Review of operations and results (continued)

A reconciliation of total profit attributable from operations, as assessed by the directors, to the reported total comprehensive income, is provided in the table below.

	2017 \$'000	2016 \$'000
Total comprehensive income for the period – refer page 6	2,261	5,472
Fair value adjustments		
- Investment property	(783)	(4,903)
- Interest rate swap	(164)	280
Total fair value adjustments	(947)	(4,623)
- Straight lining of rental income, non cash	(121)	(122)
- Amortisation of leasing costs, non cash	116	260
Total non cash adjustments	(5)	138
Total profit attributable from operations	1,309	987

	2017 Cents	2016 Cents
Earnings and distribution per unit		
Profit per unit	13.69	33.12
Profit attributable from operations per unit	7.92	5.97
Distribution per unit	7.61	4.74

Refer to Note 9, Distributions payable for further details

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial period that significantly affect or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines set out in its Product Disclosure Statement and in accordance with the provisions of its Constitution. Future results will accordingly depend on the performance of the property markets to which the Trust is exposed.

Environmental regulation

To the best of the directors' knowledge, the operations of the Trust have been undertaken in compliance with the applicable environmental regulations that apply to the Trust's activities.

Fees to Responsible Entity

All fees payable to the Responsible Entity or its related parties are detailed in Note 16.

Options granted

No options over Ordinary or Acquisition Units have been issued since the Trust inception date to the date of this report.

Units held by the Responsible Entity

As at 30 June 2017 the Responsible Entity and its related parties held units in the Trust, as set out in Note 16.

Indemnification of directors and officers

No indemnification has been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the Trust. No insurance premiums have been paid out of the assets of the Trust in regards to insurance provided to the Responsible Entity.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Value of Trust assets

The total value of the Trust's assets at the end of the reporting period is \$29,758,797.

The valuation methodology in valuing the assets is detailed in Notes 1, 7 and 18 to the financial statements.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings.

The Trust was not a party to any such proceedings during the period.

Issued units

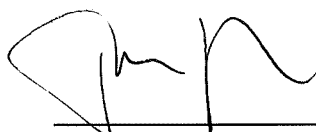
The following table displays the movement in units for the financial year ending 30 June 2017.

Date	Event	Acquisition Units	Ordinary Units	Total Units
30 June 2016	End of year	16,520,562	-	16,520,562
	Redeemed units	(16,520,562)		(16,520,562)
	Issued units		16,520,562	16,520,562
30 June 2017	End of year	-	16,520,562	16,520,562

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 5. No officer or director of the Responsible Entity is or has been a partner/director of any auditor of the Trust.

Signed in accordance with a resolution of the directors of Placer Property Limited.



Thomas Jepson Davis (Chairman)

14 September 2017

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of the Responsible Entity of The Stables Property Fund

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there has been:

- (i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi

Rami Eltchelebi
Partner

Melbourne, 14 September 2017

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue			
Rental income	2	2,586,597	2,265,574
Other net income	2	30,045	16,297
Amortisation of leasing costs		(115,588)	(260,033)
Fair value on interest rate swap	11	164,291	(279,568)
Fair value adjustment on investment property	7	782,712	4,903,190
		3,448,057	6,645,460
Expenses			
Accounting, compliance and taxation fees		(69,419)	(62,420)
Administration and other expenses		(19,546)	(62,921)
Borrowing costs	3	(513,086)	(617,980)
Custodian fees		(16,709)	(20,152)
Property operating and maintenance expenses		(388,951)	(385,296)
Responsible entity's management fee		(179,115)	(25,000)
		(1,186,826)	(1,173,769)
Net profit for the year		2,261,231	5,471,691
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		2,261,231	5,471,691

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	767,830	718,071
Trade and other receivables	5	170,628	47,342
Other assets	6	20,339	2,964,685
TOTAL CURRENT ASSETS		958,797	3,730,098
NON-CURRENT ASSETS			
Investment property	7	28,800,000	28,000,000
TOTAL NON-CURRENT ASSETS		28,800,000	28,000,000
TOTAL ASSETS		29,758,797	31,730,098
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	339,005	190,254
Distribution payable	9	311,310	323,844
Amounts due to related parties	10	210,068	3,895,312
Borrowings	12	-	2,795,000
TOTAL CURRENT LIABILITIES		860,383	7,204,410
NON-CURRENT LIABILITIES			
Derivative financial instruments	11	115,277	279,568
Borrowings	12	12,500,000	12,500,000
TOTAL NON-CURRENT LIABILITIES		12,615,277	12,779,568
TOTAL LIABILITIES		13,475,660	19,983,978
NET ASSETS		16,283,137	11,746,120
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
Unitholders' funds	13	15,628,602	7,086,619
Reserves		(5,008,308)	-
Retained earnings	14	5,662,843	4,659,501
TOTAL EQUITY		16,283,137	11,746,120

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Unitholders' Funds \$	Reserves \$	Retained Earnings \$	Total \$
Balance at 1 July 2015	7,900,000	-	(28,346)	7,871,654
Net profit attributable to unitholders	-	-	5,471,691	5,471,691
Total comprehensive income for the year	-	-	5,471,691	5,471,691
Transactions with unitholders				
- Distribution to unitholders	-	-	(783,844)	(783,844)
- Capital raising costs	(813,381)	-		(813,381)
Total transactions with unitholders	(813,381)	-	4,687,847	3,874,466
Balance at 30 June 2016	7,086,619	-	4,659,501	11,746,120
Net profit attributable to unitholders	-	-	2,261,231	2,261,231
Total comprehensive income for the year	-	-	2,261,231	2,261,231
Transactions with unitholders				
- Redemption of Acquisition Units	(7,900,000)	(5,008,308)	-	(12,908,308)
- Issue of Ordinary Units	16,520,562	-	-	16,520,562
- Distribution to unitholders	-	-	(1,257,889)	(1,257,889)
- Capital raising costs	(78,579)	-	-	(78,579)
Total transactions with unitholders	8,541,983	(5,008,308)	(1,257,889)	2,275,786
Balance at 30 June 2017	15,628,602	(5,008,308)	5,662,843	16,283,137

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Rents received from tenants		2,488,486	2,294,807
Payments made to suppliers		(858,884)	(1,177,904)
Interest received		30,045	16,297
Borrowing costs paid		(534,549)	(560,682)
Net cash used in operating activities	15	1,125,098	572,518
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from property (refunds received)		87,500	-
Payments for property acquisition and development		(99,479)	(306,425)
Net cash used in investing activities		(11,979)	(306,425)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds (net) received from issue of units		16,416,523	-
Payments for redemption of issued units		(12,800,000)	-
Repayment of borrowings		(2,795,000)	(120,000)
Distributions paid		(1,270,421)	(460,000)
Capital raising costs paid		(614,462)	(281,769)
Net cash provided by financing activities		(1,063,360)	(861,769)
Net increase/(decrease) in cash held		49,759	(595,676)
Cash and cash equivalents at beginning of financial year		718,071	1,313,747
Cash and cash equivalents at end of financial year	4	767,830	718,071

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and notes represent those of The Stables Property Fund ("the Trust") as an individual entity. The Stables Property Fund is an unlisted registered managed investment scheme registered under the *Corporations Act 2001*, established and domiciled in Australia. Placer Property Limited, which is the responsible entity of the Trust, is an unlisted public company incorporated under the *Corporations Act 2001*.

The financial statements were authorised for issue on 14 September 2017 by the directors of the responsible entity.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB), and the Trust's Constitution. The Trust is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Standards Board.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The functional currency of the Trust is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency and is rounded to the nearest dollar.

Accounting policies

a. Income tax

Under current tax legislation, the Trust is not liable to pay income tax as unitholders are presently entitled to the income of the Trust and income of the Trust is fully distributable to unitholders. (See Note 1(g) for further details on distributions and income tax.)

b. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

c. Fair value of assets and liabilities

The Trust measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Trust would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Non-current assets classified as held for sale

When the Trust intends to sell a non-current asset or a group of assets, and if sale within twelve (12) months is highly probable, the asset or group of assets are classified as 'held for sale' and presented separately in the statement of financial position. Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal assets group.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Trust's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of asset is presented as part of a single line item, profit or loss from sale of asset.

e. Investment property and lease incentives

Investment property

The property will be recognised at fair value (being the valuation price). Any changes resulting from revaluation will be recorded in the Statement of Profit and Loss and Other Comprehensive Income. The carrying value of the Property recorded in the Statement of Financial Position includes straight lining of rental income in respect of fixed increase in rentals in future periods. Refer to Note 18 c for further details.

Lease Incentives

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including rent-free periods, upfront cash payments, or a contribution to certain lessee cost such as a fit-out contribution. Incentives are capitalised as an asset and amortised over the term of the lease as an adjustment to net rental income.

f. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the Trust commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and subsequent measurement

Financial instruments are subsequently measured at amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayment made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Financial instruments (continued)

(i). *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii). *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process as well as when the financial liability is derecognised.

Impairment of financial assets

At the end of each reporting period the responsible entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the directors of the responsible entity establish that the carrying amount cannot be recovered by any means, at that point the anticipated loss is charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Trust recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss event that has occurred is duly considered.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. Unitholders' funds

As the units satisfy all of the criteria for recognition as puttable financial instruments under paras 16A and 16B of AASB 132: *Financial Instruments: Presentation*, unitholders' funds are classified as equity. Units are measured at their issue price.

Applications and redemptions of units

Applications received for units are recorded net of any entry fees payable prior to the issue of units. Redemptions are recorded after the cancellation of the corresponding redeemed units. The application and redemption prices of units are determined on the basis of the value of the Trust's net assets on the date of the application or redemption divided by the number of units on issue on that date. A full description of the method used to calculate application and redemption prices of units is provided in the Trust's Product Disclosure Statement and the Trust's Constitution. Refer to Note 9 and Note 13 for further discussion of the features of the units.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Distribution to Unitholders

The Trust's Constitution requires that the Trust distribute, at a minimum, the "net income" (as defined in the *Income Tax Assessment Act 1936*) derived during the financial period. This means the net assessable income of the Trust is fully distributable to the unitholders, either by way of cash or reinvestment (ie unitholders are entitled to the entire profit of the Trust). Accordingly, the Trust does not pay income tax provided that the distributable income of the Trust is fully distributed to unitholders.

i. Impairment of non-financial assets

At each reporting date, and whenever events or changes in circumstances occur, the Trust assesses whether there is any indication that an asset may be impaired. When an indicator of impairment exists, the Trust makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

j. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Trust that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k. Revenue and other income

Rental revenue

Property rental income represents income earned from the rental of Trust property (inclusive of outgoings recovered from tenants) and is recognised on a straight-line basis over the lease term. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

l. Trade receivables

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of financing and investing activities, which is recoverable from, or payable to, the ATO is presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Fair value measurement

The Trust has applied AASB 13: *Fair Value Measurement* and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transitional requirements in AASB 13.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

No material adjustments to the carrying amounts of any of the Trust's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the Trust's financial statements.

o. Net working capital deficiency

There is no working capital deficiency at 30 June 2017.

p. Significant accounting judgements

Key judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The areas involving significant estimates or judgments are:

- Derivative financial instruments – Note 1 f;
- Investment properties – Note 1 e; and
- Fair value estimation – Note 1 c.

q. New accounting standards for application in future periods

- AASB 9: *Financial Instruments* (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Trust on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Trust's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. New accounting standards for application in future periods (continued)

- *AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1st January 2018)*

This standard, when effective, will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

AASB 15 also requires enhanced disclosures regarding revenues.

This standard will require retrospective restatement and is available for early adoption.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impacts.

- *AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The new Standard does not make any significant changes to lessor accounting and as such is only expected to impact lease accounting from a lessee's perspective. AASB 16 is therefore not expected to significantly impact the Scheme's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
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NOTE 2: REVENUE, OTHER INCOME

Revenue

Rental income and outgoings recovery	2,230,704	2,110,323
Straight lining of rental income	120,897	122,130
Rental guarantee income	234,996	33,121
	2,586,597	2,265,574

Other income

Interest income	30,045	16,297
	30,045	16,297

NOTE 3: EXPENSES

Borrowing costs

Bank fees	245	300
Borrowing costs	753	648
Interest	512,088	617,032
	513,086	617,980

Auditors remuneration

Remuneration paid and payable to the auditor of the Trust is as follows:

Auditing or reviewing the financial statements	11,500	10,750
Other services (Compliance plan)	3,500	3,500
	15,000	14,250

NOTE 4: CASH AND CASH EQUIVALENTS

Current

Cash at bank, interest bearing at 2.0% interest (2016: 2.0% interest)	767,830	718,071
	787,830	718,071

The weighted average effective interest rate on interest bearing account was 2.0% (2016: 2.0%)

Cash at the end of the financial period as shown in the statement of cash flows is reconciled to amounts shown in the statement of financial position as follows:

Balance per the statement of cash flows	767,830	718,071
Reconciling items	-	-
Balance per the statement of financial position	767,830	718,071

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 5: TRADE AND OTHER RECEIVABLES		
Current		
Rent receivable	191,320	70,499
Less provision for doubtful debts	(20,692)	(23,157)
	170,628	47,342

Trade and other receivables are usually non-interest bearing, unsecured and generally payable on no more than 30 day terms.

Past due but not impaired receivables - At balance date no trade and other receivables were past due but not impaired.

Impaired receivables - At balance date, other than a debtor that has been provided for as a doubtful debt, no other receivables have been determined to be impaired.

Credit Risk - The Trust has no significant credit risks identified at 30 June 2017. The rent receivable balances outstanding are within the terms of the rental agreements and are considered to be of high credit quality.

NOTE 6: OTHER ASSETS

Current		
TFN withholding credits	-	197
Applications account: capital raising monies *	-	2,943,778
Other receivables held by property manager	1,029	1,884
Prepayments	19,310	18,826
	20,339	2,964,685

The applications account is a bank account in escrow that was under the control of the Custodian and as such was not reported as Cash and Cash equivalents.

NOTE 7: INVESTMENT PROPERTY

Non-Current

As at 30 June 2017, the investment property has been valued as set out below:

Investment property at fair value

	Acquisition Date	Date of latest Valuation	Independent Valuation	Fair Value
1495 -1497 Golden Grove Road, Golden Grove, SA	N/a	30 June 2017	28,800,000	28,800,000
Total			28,800,000	28,800,000

Note 18 illustrates key valuation assumptions used by m3property, the valuer, in the determination of Investment property fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 7: INVESTMENT PROPERTY (CONTINUED)

The Trust acquired land in 2013 for the purpose of commercial property development. property purchases and costs incurred to develop the land including construction costs subcontracted, professional fees and costs, legal costs, holding, marketing, borrowing costs and management fees were capitalised and recognised as an asset which was carried at cost up to May 2017.

More information on the key valuation assumptions can be found in note 18 c.

Reconciliation of the carrying amount of investment property at the beginning and end of the financial period is set out below:

	2017 \$	2016 \$
Balance at beginning	28,000,000	22,558,740
Additions at cost	-	77,761
Capex	11,979	149,152
Unamortized leasing costs	(115,588)	189,027
Straight lining of rental income	120,897	122,130
Fair value adjustment	782,712	4,903,190
Balance at end of the year	28,800,000	28,000,000

Leases as lessor

The investment property is subject to agreements to lease to tenants for long terms with rentals payable monthly. Minimum lease payments under the non-cancellable operating leases of the investment property not recognised in the financial statements are receivable as follows

	2017 \$	2016 \$
Within one year	2,257,467	2,323,875
Later than one year but not later than five years	9,282,871	9,349,936
Later than five years	15,475,483	18,940,862
Total leases as lessor	27,015,821	30,614,673

NOTE 8: TRADE AND OTHER PAYABLES

Current

Trade payables	83,606	31,960
Accrued expenses and other payable	255,399	148,294
Unit application monies received	-	10,000
	339,005	190,254

(a) Financial liabilities at amortised cost classified as trade and other payables

Total trade and other payables - current	83,606	31,960
Financial liabilities as trade and other payables	83,606	31,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: DISTRIBUTIONS PAYABLE

	2017 \$	2016 \$
Distribution payable	311,310	323,844

Distributions paid or accrued for the year include:

Quarter Ending	Paid Date	Ordinary Units - Cents Per Unit ¹	Acquisition Units - Cents Per Unit ²	Ordinary Units \$	Acquisition Units \$	Total Distribution \$
30 Sept-16	8 Aug-16	Adjustment to prior year		-	-	74
30 Sept-16	8 Nov-16	1.91562	N/a	104,524	214,200	318,724
31 Dec-16	8 Feb-17	1.91562	1.88438	207,210	109,261	316,471
31 March-17	9 May-17	1.88438	1.88438	289,795	21,515	311,310
30 Jun-17 ³	8 Aug-17	1.88438	1.88438	305,955	5,355	311,310
Total				907,484	350,331	1,257,889

1. Ordinary units received a pro rata distribution at a rate of % per annum from unit allotment date for the period to 30 June 2017.
2. Acquisition units were paid a distribution based on director's assessment after reviewing the Trust's quarterly Net profit attributable from operations.
3. The June 2017 quarter distribution is paid in the 2018 financial year.

	2017 \$	2016 \$
NOTE 10: AMOUNT DUE TO RELATED PARTY		
Current		
Placer Property Limited – syndication fee payable	-	535,885
Placer Property Limited – monthly management fee	15,140	-
Placer Equity Pty Ltd – rental guarantee provision	194,928	429,922
The Stables Property Fund – units to be issued *	-	2,929,505
	210,068	3,895,312

* The Fund had classified all application monies received as at balance date as a liability in the prior year.

The Unit Issue Price under the PDS was \$1 per Unit. \$0.01 was for a partly paid up ordinary unit and \$0.99 instalment monies was security held under the control of an Escrow Agent. The \$0.01 unit was redeemable by the Fund and the \$0.99 security amount was refundable by the Escrow Agent if the minimum subscription amount \$3,500,000 was not raised by the minimum subscription date. The minimum subscription amount of \$3,500,000 was raised on 8 July 2016 and partly paid units converted to fully paid units following that date.

NOTE 11: DERIVATIVE FINANCIAL INSTRUMENTS

Non current	115,277	279,568
Interest rate swap	115,277	279,568

The Trust has entered into interest rate swaps totalling \$12,500,000 that entitle it to either receive/pay interest, at quarterly intervals, at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate on the same amount. The interest rate swap agreements allow the Trust to raise long-term borrowings at a floating rate and effectively swap them into fixed rate.

Hedge accounting has not been applied to the interest rate swaps and accordingly, changes in the fair value of the swap contracts are recorded in the statement of profit and loss and other comprehensive income. Notwithstanding the accounting outcome, the Responsible Entity considers these contracts are appropriate and effective in offsetting the economic interest rate exposures of the Trust.

NOTE 12: SECURED BORROWINGS

Current		
Bank loan	-	2,795,000
Non-current		
Bank loan	12,500,000	12,500,000
Total borrowings	12,500,000	15,295,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: SECURED BORROWINGS (CONTINUED)

On 10 June 2015 the Trust secured a cash advance facility with a facility limit of \$15,415,000. This facility has a 5 year term from the shopping centre's practical completion. The practical completion referred to 30 days after Woolworths commenced trading on 15 April 2015. The interest only facility has interest accrued and payable quarterly in arrears, and a line fee component accrued and paid monthly. The variable interest rate inclusive of 1.65% (2016: 1.65%) margin applied with an average interest rate to 30 June 2017 of 2.43% (2016: 2.43%) is 4.08% (2016: 4.08%). The facility limit was reduced to \$12,500,000 when the minimum subscription date was achieved. The minimum subscription date was the date the minimum subscription amount, being \$3,500,000, was raised from investors. This minimum subscription date was achieved on 8 July 2016.

The loan facility is secured by a fixed and floating charge over the assets of the Trust.

With this secured borrowing, the Trust has entered into interest rate swaps totalling \$12,500,000 that entitle the Trust to either receive/pay interest, at quarterly intervals, at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate on the same amount. Refer to Note 11.

As at 30 June 2017, the Trust had access to:	2017 \$	2016 \$
Credit facility		
Cash advance facility	12,500,000	15,295,000
Drawn balance	(12,500,000)	(15,295,000)
Undrawn balance	-	-

NOTE 13: UNITHOLDERS' FUNDS

	Units at 30 June 2017	2017 \$	Units at 30 June 2016	2016 \$
Units on issue				
• Acquisition units ¹	-	-	16,520,562	7,900,000
• Ordinary units ²	16,520,562	16,520,562	-	-
Capital raising costs	-	(891,960)	-	(813,381)
	16,520,562	15,628,602	16,520,562	7,086,619

- On 18 April 2016, the 8,200,000 ordinary units on issue were re-issued as 16,520,562 acquisition units, partly paid to \$0.7813 per acquisition unit
- Under the terms of the PDS, prior to the minimum subscription date, ordinary units were issued on a partly paid basis, initially paid up to \$0.01. The instalment monies, being the remaining \$0.99 per ordinary unit, was held separately by a related body corporate of the Custodian, as security for the final instalment. Once the minimum subscription date was achieved the Instalment monies was transferred to the Trust and all partly paid ordinary units become fully paid. The minimum subscription date was defined as the date \$3,500,000 was raised from investors. This minimum subscription date was achieved on 8 July 2016.

Capital management

The Trust regards net assets attributable to Unitholders as its capital. The objective of the Trust is to provide Unitholders with sustainable income with the potential for capital growth through an investment in a neighbourhood shopping centre located in Golden Grove, South Australia.

	2017 \$	2016 \$
NOTE 14: RETAINED EARNINGS		
Opening balance	4,659,501	(28,346)
Comprehensive income for the year	2,261,231	5,471,691
Distributions paid and payable	(1,257,889)	(783,844)
Closing balance	5,662,843	4,659,501

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 15: CASH FLOW INFORMATION		
Reconciliation of cash flow from operating activities with profit for the year		
Net profit for the year	2,261,231	5,471,691
Non-cash flows in profit		
Straight lined rental income	(120,897)	(122,130)
Fair value adjustment on interest rate swap	(164,291)	279,568
Fair value adjustment on investment property	(782,712)	(4,903,190)
Amortisation of leasing costs	115,588	260,033
Rental guarantee income	(234,996)	-
Changes in assets and liabilities:		
Increase in trade and other receivables	(123,286)	(14,297)
Decrease/(increase) in other assets	856	(449,060)
(Increase)/decrease in prepayments	(484)	201
Increase in trade and other payables	174,089	49,702
Net cash provided by operating activities	1,125,098	572,518

NOTE 16: RELATED PARTY DISCLOSURES

a. Responsible Entity, the Manager and Placer Equity

The Responsible Entity of the Trust is Placer Property Ltd, which has outsourced a number of the Trust's management functions to Placer Property Management Pty Ltd ("The Manager"). Placer Property Management Pty Ltd is a related party.

b. Key management personnel

The Trust and the Responsible Entity do not employ personnel in their own right. The Trust has appointed the Responsible Entity, Placer Property Limited to manage the activities of the Trust. The directors of the Responsible Entity are listed below and were not paid director fees:

- | | |
|---------------------------|-----------------------------------|
| • Michael Arthur Herskope | Chairman - resigned |
| • Thomas Jepson Davis | Chairman - appointed |
| • Mark Dominic Allan | Non Executive Director - resigned |
| • Mario Ross Papaleo | Executive Director |
| • David Andrew Omond | Executive Director |
| • Gregory John Marks | Non Executive Director - resigned |

c. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively, with their close family members. Other related parties also include any entities controlled, jointly controlled or significantly influenced by the Responsible Entity, any of the Responsible Entity's parent entities and any entities that, together with the Responsible Entity, are subject to common control by another entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: RELATED PARTY DISCLOSURES (CONTINUED)

d. Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e. at arm's length) unless the terms and conditions disclosed below specifically indicate otherwise. The following transactions occurred with related parties and are in accordance with the Product Disclosure Statement:

	2017 \$	2016 \$
Transactions with Placer Property Limited		
Management fees	179,115	25,000
Capital raising transaction fee	-	535,885

Outstanding balance with Placer Equity Pty Ltd

Rental guarantee	194,928	429,922
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Amounts payable to related parties at the end of the financial year are disclosed in Note 10 includes management fees of \$15,140 (2016: Nil), \$0 in syndication fees payable to Placer Property Limited (2016: \$535,885) and \$194,928 rental guarantee at 30 June 2017 payable to Placer Equity Pty Ltd. (2016: \$429,922). The rental guarantee is payable should future events occur.

e. Other related parties

There were no transactions or outstanding balances with any entities controlled, jointly controlled or significantly influenced by the Responsible Entity, any of its parent entities and any entities that are subject to common control by the Responsible Entity, or any other related party.

f. Compensation

No amount is paid by the Trust directly to the directors of the Responsible Entity. Accordingly, no compensation as defined in AASB 124: *Related Party Disclosures* is paid by the Trust to the directors as key management personnel.

g. Director's equity holdings

The number of units held by directors of the Responsible Entity in office at 30 June 2017 (directly or indirectly) is set out below.	2017 units	2016 units
Mario Ross Papaleo	30,000	30,000

h. Related entity's equity holdings

All acquisition units are held by Placer Equity Pty Ltd who is a related party of the Responsible Entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: FINANCIAL RISK MANAGEMENT

The Trust's financial instruments consist primarily of cash and cash equivalents, accounts receivable and payable, derivative financial instruments and secured borrowings. The Trust is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, interest rate risk (market risk) and liquidity risk.

The Trust's risk management and investment policies, approved by the directors of the Responsible Entity, aim to assist the Trust in meeting its financial targets while minimising the potential adverse effects of these risks on the Trust's financial performance. The Trust uses interest rate swaps to manage its financial risk as permitted under the financial risk management policy. Such instruments are used exclusively for hedging purposes i.e. not for trading for speculative purposes. The Trust holds the following financial instruments:

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	4	767,830	718,071
Trade and other receivables	5	170,628	47,342
Other assets – applications account	6	-	2,943,778
		938,458	3,709,191
Financial liabilities			
Trade and other payables	8	339,005	190,254
Distribution payable	9	311,310	323,844
Amounts due to related parties	10	210,068	3,895,312
Derivative financial instruments	11	115,277	279,568
Secured borrowings	12	12,500,000	15,295,000
		13,475,660	19,983,978

Specific Financial Risk Exposures and Management

a. Credit risk

Credit risk is managed by the Trust through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. To this end, the financial stability of clients and counterparties is monitored and assessed on a regular basis.

The Trust's maximum credit risk exposure at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. Refer to Note 5 for further details on the Trust's exposure to credit risk arising from trade receivables.

Apart from the secured borrowings, the Trust has limited concentrations of credit risk with any single counterparty or group of counterparties.

Trade receivables that are neither past due nor impaired are considered to be of high credit quality.

b. Liquidity risk

Liquidity risk arises if the Trust has insufficient liquid assets to meet its short term obligations. Liquidity risk is managed by maintaining sufficient cash balances and adequate committed credit facilities. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The instruments entered into by the Trust were selected to ensure sufficient funds would be available to meet the ongoing cash requirements of the Trust.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

	Within 1 year \$	1 to 5 years \$	Total \$
Financial liabilities due			
Trade and other payables	339,005	-	339,005
Distribution payable	311,310	-	311,310
Amounts due to related parties	210,068	-	210,068
Derivative financial instruments	-	115,277	115,277
Secured borrowings	-	12,500,000	12,500,000
Total expected outflows	860,383	12,615,277	13,475,660
Financial assets realisable			
Cash and cash equivalents	767,830	-	767,830
Trade receivables	170,628	-	170,628
Total anticipated inflows	938,458	-	938,458
Net inflows/(outflows)	78,075	(12,615,277)	(12,537,202)

c. Market risk

Interest rate risk

The Trust's interest-rate risk will primarily arise from borrowings. Borrowings issued at variable rates will expose the Trust to cash flow interest rate risk. Borrowings issued at fixed or capped rates will expose the Trust to fair value interest rate risk. The Trust's policy is to effectively maintain hedging arrangements of its borrowings where it is considered appropriate and cost effective to do so.

The Trust manages its cash flow interest rate risk by using interest rate swaps. Interest rate swaps have been put in place in anticipation of borrowings occurring in the near future. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed or capped rates. The Trust will raise long term borrowings at floating rates and will swap them into fixed rates. Under the interest rate swaps, the Trust agrees with other parties to exchange, at specified intervals (usually 3 month), the difference between fixed rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Under the contracts, the Trust will effectively pay interest on notional swap amounts for the period 22 March 2016 to 5 June 2020, at fixed rates of 4.08% with the counterparties paying at the variable 90 days bank bill swap bid rate, which at balance date 30 June 2017 was \$12,500,000.

The Trust has exposure to interest rate risk on its monetary assets and liabilities, mitigated by the use of interest rate swaps, as shown in the table below:

	2017 \$	2016 \$
Floating rate		
Cash and cash equivalents	767,830	718,071
Secured borrowings	(12,500,000)	(15,295,000)
	(11,732,170)	(14,576,929)
Derivative financial instruments		
Interest rate swap – floating to fixed (notional amount)	12,500,000	12,500,000
Interest rate swap on cash flow hedge - fair value	115,277	279,568
	12,615,277	12,779,568
Net exposure	883,107	(1,797,361)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity

As the Trust is fully hedged against interest rate risk to the secured borrowings, the only sensitivity analysis applicable is the impact of interest rate risk to the fair value calculation of the interest rate swap.

The following table details the Trust's sensitivity to movements in the interest rates, based on the interest rate swap at balance date with all other variables held constant.

	Profit/(loss)	Equity	Profit/(loss)	Equity
Fair value of interest rate swap	2017	2017	2016	2016
	\$	\$	\$	\$
Interest rates increased by 100 basis points	365,700	365,700	480,000	480,000
Interest rates decreased by 100 basis points	(365,700)	(365,700)	(480,000)	(480,000)

NOTE 18: FAIR VALUE MEASUREMENT

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition.

- Investment property, refer to Note 7
- Derivative financial instruments, refer to Note 11

a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The following tables provide the fair values of the Trust's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2017			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Assets					
Investment property	7	-	-	28,800,000	28,800,000
Total assets at fair value		-	-	28,800,000	28,800,000
Liabilities					
Derivative financial instruments					
• Interest rate swaps	11	-	115,277	-	115,277
Total liabilities at fair value		-	115,277	-	115,277

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 18: FAIR VALUE MEASUREMENT

		30 June 2016			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Assets					
Investment property	7	-	-	28,800,000	28,800,000
Total assets at fair value		-	-	28,800,000	28,800,000
Liabilities					
Derivative financial instruments					
Interest rate swaps	11	-	279,568	-	279,568
Total liabilities at fair value		-	279,568	-	279,568

There were no transfers between levels of the fair value hierarchy during the financial year.

Disclosed fair values:

The fair value of investment property (Level 3) and derivative financial instruments (Level 2) is disclosed in the statement of financial position.

The carrying amounts of trade and other receivables and other current assets, trade and other payables are assumed to approximate their fair values due to their short-term nature.

The Trust holds no Level 1 assets or liabilities.

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Fair value of derivative financial instruments

Level 2 assets held by the Trust include "Vanilla" fixed to floating interest rate swap derivatives (over-the-counter derivatives). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

At initial recognition, the Trust measures a financial asset or liability at its fair value. Transaction costs in relation to financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

The fair value of interest rate derivatives has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives. All counterparties to interest rate derivatives are Australian financial institutions.

c. Valuation Techniques and Inputs Used to Measure Level 3 Fair Values

Fair value of investment property

If one or more of the significant inputs is not based upon observable market data the asset or liability is included in Level 3. The Trust holds no Level 3 financial instruments. However, the Trust has investment property with a carrying amount of approximately \$28,800,000 that is valued using techniques whereby at least one significant input is not observable market data, and hence they are considered to be Level 3 assets for the purposes of fair value measurement.

The highest and best use of investment property is taken into consideration when determining fair values. The highest and best use of investment property refers to the use of the investment property by a market participant that would maximise the value of that property. With respect to the Trust's investment property, the current use is considered to be the highest and best use. Within this construct, fair value is determined within a range of reasonable estimates utilising both capitalisation of net market income and discounted future cash flow methodologies and comparing the results to market sales evidence.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 18: FAIR VALUE MEASUREMENT (CONTINUED)

The most appropriate evidence of fair value is given by current prices in an active market for similar property in the same location and condition and subject to similar leases. Where sufficient market information is not available, or to supplement this information, management considers other relevant information including:

- Current prices for properties of a different nature, condition or location, adjusted to reflect those differences;
- Recent prices of similar properties in a less active market, with adjustments to reflect changes in economic conditions or other factors;
- Capitalised income calculations based on an assessment of current net market income for that property or other similar properties, a capitalisation rate taking into account market evidence for similar properties and adjustments for any differences between market rents and contracted rents over the term of existing leases and deductions for short term vacancy or lease expiries, incentive costs and capital expenditure requirements; and

Discounted cash flow forecasts including estimates of future cash flows based on current leases in place for that property, historical operating expenses, reasonable estimates of current and future rents and operating expenses based on external and internal assessments and using discount rates that appropriately reflect the degree of uncertainty and timing inherent in current and future cash flows.

The fair value adopted for investment property has been supported by an independent external valuation of that property at 30 June 2017, which is considered to reflect market conditions at balance date.

The Board conducts investment property valuation process on a yearly basis, or on a more regular basis if considered appropriate and as determined by management in accordance with the valuation policy of the Trust. An independent professionally qualified external valuer undertakes the valuation. For 30 June 2017 the valuer undertaking the property valuation was M3Property.

The significant unobservable inputs associated with the valuation of the Group's investment properties (excluding property under construction) are as follows:

Class Property	Fair Value Hierarchy	Valuation Technique	Inputs used to measure Fair Value	Range of Unobservable Inputs
Retail	Level 3	Discounted cash flow and Income capitalization method	Net market rent (psm) pa. Adopted capitalization rate Adopted terminal yield Adopted discount rate	\$349 6.75% 7.00% 7.50%

Definitions

Discounted Cash Flow Method	A method in which a discount rate is applied to future expected income streams to estimate the present value
Income Capitalisation Method	A valuation approach that provides an indication of value by converting future cash flows to a single current capital value
Gross Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
Capitalisation Rate	The return represented by the income produced by an investment, expressed as a percentage
Terminal Yield	A percentage return applied to the expected net income following a hypothetical sale at the end of the cash flow period
Discount Rate	A rate of return used to convert a future monetary sum or cash flow into present value

Sensitivity Analysis

Significant Impact	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Net Market Rent (psm) pa.	Increase	Decrease
Adopted capitalization rate	Decrease	Increase
Adopted terminal yield	Increase	Decrease
Adopted discount rate	Decrease	Increase

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE19: RECURRING AND NON-RECURRING CONTINGENT LIABILITIES AND ASSETS

The Trust does not have any other contingent liabilities or contingent assets as at 30 June 2017.

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

The directors of the Responsible Entity are not aware of any other significant events since the end of the reporting year.

NOTE 21: ADDITIONAL INFORMATION

The registered office of the company is:
Placer Property Limited
Level 31, 525 Collins Street
Melbourne 3000

The principal place of business of the company is:
Placer Property Limited
Level 31, 525 Collins Street
Melbourne 3000

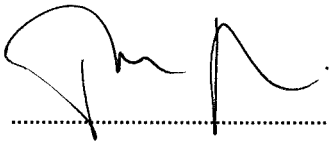
DIRECTORS' DECLARATION

In accordance with a resolution of the directors, the directors of the Responsible Entity declare that:

- 1) The financial statements and notes of The Stables Property Fund ("the Trust"), as set out on pages 6 to 28, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the period ended on that date of the Trust
- 2) In the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s 295(5) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity



Thomas Jepson Davis
14 September 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF PLACER PROPERTY LIMITED
AS RESPONSIBLE ENTITY FOR THE STABLES PROPERTY FUND**

Opinion

We have audited the financial report of The Stables Property Fund ("the Fund") which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Placer Property Limited, the Responsible Entity of The Stables Property Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of Placer Property Limited, the Responsible Entity of The Stables Property Fund, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A stylized blue ink signature of the firm, reading "ShineWing Australia".

ShineWing Australia
Chartered Accountants

A blue ink signature of Rami Eltchelebi.

Rami Eltchelebi
Partner

Melbourne, 21 September 2017